

Message Text

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TO AMEMBASSY TEL AVIV PRIORITY

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TAGS: TECH, IS

SUBJECT: COSTS ASSOCIATED WITH BIRDF EXECUTIVE DIRECTOR
CONTRACT AND HOUSING PROVISION

REFS: A) STATE 153764; B) STATE 153804; C) TEL AVIV 7831

1. AS PROMISED IN PARA 7, REFTEL A, TREASURY HAS PREPARED THE FOLLOWING REVISED ESTIMATE OF COSTS TO THE ISRAEL-US BINATIONAL INDUSTRIAL RESEARCH AND DEVELOPMENT FOUNDATION (BIRDF) WHICH ARE ASSOCIATED WITH RENTAL OF HOUSE FOR WHICH EXECUTIVE DIRECTOR BLACKMAN HAS OPTION UNTIL JULY 1. TOTAL \$195,718. THE BREAKDOWN BY YEARS IS AS FOLLOWS: 1977--\$15,833 (4 MONTHS SALARY); 1978--TOTAL OF 92,018, CONSISTING OF \$47,500 (SALARY), 8,400 (HOUSING FOR 6 MONTHS), 1,750 (COST-OF-LIVING ALLOWANCE), 4,000 (HOME LEAVE), 2,083 (AUTO LEASING), 15,235 (TAX REIMBURSEMENT), 9,500 (ANNUITY), 150 (LIFE INSURANCE), 1,000 (MEDICAL INSURANCE),
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PAGE 02 STATE 167580

1,000 (ACCIDENT INSURANCE), AND 1,400 (DISABILITY INSURANCE); 1979--TOTAL OF 87,867, CONSISTING OF 31,667 (SALARY), 1,400 (COST-OF-LIVING ALLOWANCE), 1,667 (AUTO LEASING), 15,800 (SEVERANCE AND RETIREMENT BENEFIT), 11,200 (8 MONTHS OF HOUSING), 14,266 (TAX REIMBURSEMENT), 9,500 (ANNUITY), 100 (LIFE INSURANCE), 667 (MEDICAL IN-

SURANCE), 667 (ACCIDENT INSURANCE), AND 933 (DISABILITY INSURANCE).

2. THESE FIGURES REFLECT CHANGES ASSOCIATED WITH FOUR ASSUMPTIONS OR CONDITIONS: (1) ASSUMPTION THAT COST OF HOUSING WILL BE SUBJECT TO US INCOME TAX ON BLACKMAN AND THAT THEREFORE UNDER TERMS OF HIS CONTRACT IS REIMBURSABLE TO HIM, (2) ADJUSTMENT FOR MINOR CHANGES FROM MORE RECENT US TAX TABLES, (3) INCREASE IN HOUSING COST FROM \$1,000 TO \$1,400 (INCLUDING UTILITIES), AND (4) RENTAL STARTING JULY 1 INSTEAD OF MARCH 1, 1978. ESTIMATES ARE UNAVOIDABLY BASED UPON ASSUMPTIONS CONCERNING SEVERAL COSTS SUCH AS INSURANCE, AUTO LEASING, AND TAX RATES BUT ARE BEST THAT CAN BE MADE HERE AT THIS TIME. WE ASSUMED FOR PURPOSE OF THESE ESTIMATES THAT THE CURRENTLY EFFECTIVE SECTION 911 OF IRS CODE WOULD REMAIN IN EFFECT THROUGH 1979. ALTHOUGH CHANGES IN 911 ARE LIKELY TO TAKE PLACE THIS YEAR, THEY PROBABLY WILL NOT AFFECT COST OF BLACKMAN CONTRACT, BECAUSE HE IS NOT LIKELY TO MEET OVERSEAS RESIDENCE REQUIREMENTS.

3. NOT REPEAT NOT INCLUDED ARE MOVING AND TEMPORARY HOUSING COSTS.

4. ACTION REQUESTED: EMBASSY IS REQUESTED TO TRANSMIT TO BLACKMAN AND TO THE ISRAELI BIRDF GOVERNORS THE LIMITED OFFICIAL USE

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PAGE 03 STATE 167580

ESTIMATES OF TOTAL 1977, 1978 AND 1979 COSTS OF BLACKMAN'S CONTRACT. EMBASSY SHOULD PRESENT THESE AS OUR CONSIDERED JUDGMENT OF THE TOTAL COSTS OF BLACKMAN CONTRACT CONSIDERING THE HOUSE ON WHICH HE NOW HAS AN OPTION. IN FINAL ANALYSIS COSTS COULD, OF COURSE, VARY SOMEWHAT FROM THIS. EMBASSY MAY PROVIDE, UPON REQUEST, ENTIRE ITEMIZED LIST OF COSTS TO ISRAELI BOARD MEMBERS. EMBASSY IS UNDOUBTEDLY AWARE THAT PREVIOUS ESTIMATE OF BLACKMAN CONTRACT OVER TWO YEARS, USING DIFFERENT ASSUMPTIONS AND CONDITIONS, WAS \$173,000. VANCE

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